




MEMORANDUM

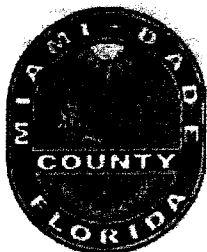
TO: Honorable Chairperson Barbara Carey-Schuler, Ed.D. DATE: **Agenda Item No. 11(B)5**
Members, Board of County Commissioners **January 20, 2004**

FROM:  George M. Burgess
County Manager SUBJECT: Status Report on FY 2003-04
Budgets of the City of Miami
Community Redevelopment
Agency (CRA)

Report

On September 11, 2003 the County Manager issued a report to the Board (file number 032024 attached) that explained reasons for the Tax Increment Financing and Coordinating Committee (the "Committee") not recommending approval of the FY 2002-03 budgets of the City of Miami's Omni and Southeast Overtown/Park West Community (SEOPW) Redevelopment Areas. In that report it was noted that the County had not approved the Omni district budget for FY 2001-02, and had not approved the SEOPW district budgets from FY 1999-2000 onward. Also reported was that the CRA committed to work with the County to reconcile all of Miami's outstanding CRA budgets. This reconciliation has not been completed to date. Audited Financial Statements and a City of Miami internal audit report have been finalized, and a budget submission was presented to the County's TIF Coordinator. However, the County has not received all the requested budget information, and is lacking annual progress reports and project and activity descriptions, that are deemed necessary to understand the budget submissions. The Committee met with the Agency on November 3, 2003, and was informed that all of the requested information was not available. Thus, the Committee is still unable to forward, or recommend approval for, the City of Miami CRA budgets at this time. It is anticipated that we will be able to submit the FY2003-04 budget and all prior budgets that are pending in the near future.


Assistant County Manager



Miami-Dade Legislative Item

File Number: 032024

Printable PDF Format

**File Number:** 032024**File Type:** Report**Status:** Presented**Version:** 0**Reference:****Control:** County Commission**File Name:** STATUS REPOR-CITY OF MIAMI COMMUNITY REDEVELOPMENT AGENCY**Introduced:**
7/3/2003**Requester:** County Manager**Cost:****Final Action:****Agenda Date:** 9/9/2003 **Agenda Item Number:** 11B9**Notes:** JAM Title: STATUS REPORT ON THE CITY OF MIAMI'S COMMUNITY REDEVELOPMENT AGENCY BUDGETS**Indexes:** REDEVELOPMENT **Sponsors:** NONE
STATUS REPORT

AGENCY

Sunset Provision: No**Effective Date:****Expiration Date:****Registered Lobbyist:** None Listed

Legislative History

| Acting Body | Date | Agenda Item | Action | Sent To | Due Date | Returned | Pass/Fail |
|--|-----------|-------------|-----------------|---|-----------|----------|-----------|
| Board of County Commissioners | 9/11/2003 | 11B9 | Presented | | | | P |
| Board of County Commissioners | 9/9/2003 | 11B9 | Carried over | | 9/11/2003 | | |
| REPORT: (NOTE: See Legistar Meeting Key #1378). | | | | | | | |
| Economic Development and Human Services Committee | 7/16/2003 | 8C | Report Received | | | | P |
| County Manager | 7/3/2003 | | Assigned | Tony Crapp | 7/3/2003 | | |
| County Manager | 7/3/2003 | | Assigned | Economic Development and Human Services Committee | 7/16/2003 | | |

2



MEMORANDUM

ED&HS

AGENDA ITEM NO. 8 (C)

TO: Honorable Chairperson and Members
Board of County Commissioners

DATE: July 16, 2003

FROM: George M. B...
County Manager

SUBJECT: Status Report on the City of
Miami's Community
Redevelopment Agency Budgets

The Tax Increment Financing Coordinating Committee (the "Committee") reviewed the budgets of the City of Miami's Community Redevelopment Agency for the Omni Redevelopment Area and the Southeast Overtown/Park West Community Redevelopment Areas on June 13, 2003 and does not recommend their approval at this time.

It is to be noted that the referenced two budgets only account for tax increment proceeds and do not include the other non-tax increment sources of revenues. The City has been of the opinion that the County has no jurisdiction over the expenditures of other sources of revenues in the Trust Fund. The County Attorney issued an opinion, on June 27, 2001, that once the City, or the Agency, elects to deposit non-tax increment monies into the Redevelopment Trust Fund, the Florida Statutes and Interlocal dictate that those monies be spent for projects and activities delineated in the Development Plan and in accordance with the Board approved annual budget (copy attached). The Committee also expressed its concerns over the City's failure to issue progress reports and audited annual financial statements for the fiscal Year 2001-02 and also over some inconsistencies in their budget presentations.

It is to be noted that County approval of CRA budgets has not occurred for the Omni area since FY 2001-02, and that the County has deferred on approving budgets for the Southeast Overtown/Park West area since prior to FY 1999 - 2000.

The Committee has resolved to work together with the Community Redevelopment Agency and its Counsel and Auditing firms to clarify and resolve outstanding questions and concerns. This brief report on the status of City of Miami's CRA budget submissions and CRA's compliance, or non-compliance, with reporting requirements is offered in the interim.

The Committee met with agency's Executive Director, Legal Counsel, and a consulting Certified Public Accountant on June 13, 2003 to review the status of their FY 2002-03 budgets, progress reports and the required annual financial statements. The Executive Director of the CRA reported that the annual financial statements for FY 2001-02 are still in the process of being reviewed and that a number of accounting, reporting, records and contract issues still remain to be resolved. Furthermore, there are ongoing investigations and inquiries regarding CRA activities and practices that involve the City of Miami's internal auditors, the Ethics Commission, the State Attorney's office, and the FBI. The budgets presented to the County for approval were reviewed and major capital projects were described in order to achieve some level of comfort regarding the processes and activities of the agency. The CRA indicated a desire to work

together with the County's TIF committee in seeking resolution to outstanding reporting and budget approval issues. The agency indicated that they have a new management team, and that the agency will benefit from the recommendations of their accounting, auditing and other consultants prior to preparation of the FY 2003-04 budgets. They also indicated a desire to complete the audit and reporting requirements for all periods for which they are still deficient. A copy of the letter from the CRA Executive Director dated June 24, 2003 relative to these matters is attached.

Attachment

City of Miami



ARTHUR E. TEELE, JR.
Chairman

FRANK K. ROLLASON
Executive Director

June 24, 2003

Mr. Tony Crapp, Sr.
Assistant County Manager
Stephen P. Clark Building
111 NW 1st Avenue, 29th Floor
Miami, FL 33128

RE: Status of Reporting Requirements of the City of Miami's Southeast Overtown/Park West and Omni's CRAs

Dear Mr. Crapp:

As a follow up to our presentation before Miami-Dade county's TIF Committee on June 13, 2003, it is necessary that we codify those issues discussed and the commitments on the part of the City of Miami CRAs:

1. We agree that the inter-local agreement between Miami-Dade County and the City of Miami for the establishment of the Southeast Overtown/Park West CRA and the inter-local agreement among Miami-Dade county, the City of Miami, and the Omni CRA require that both CRAs annually submit their complete budgets to the County and that they are to include all sources of revenues.

2. We agree that it appears that both CRAs have not submitted to the County complete budgets since 1999, in some combination thereof.

3. We commit to work with the County representatives to reconcile all of Miami's CRAs budgets since 1999 through FY '03.

It is the position of the CRA Board of Directors that we operate with transparency and in the sunshine. Certainly, the vast majority of records within the CRAs are public in nature and we have no issue in providing them to the County as required by the inter-local agreements or on a case by case basis as requested by the County.

85

COMMUNITY REDEVELOPMENT AGENCY

300 Biscayne Boulevard Way, Suite 430 / Miami, Florida 33131 / (305) 579-3324 / Fax: (305) 372-4646
E-mail: cra@ci.miami.fl.us / Website: www.miami-cra.org

Status of Reporting Requirements for both CRAs

June 23, 2003

Page 2 of 2

I look forward to an open and productive relationship with the County and anticipate that the County will reciprocate on mutually beneficial projects for the residents and business operators located within both the Southeast Overtown/Parkwest and Omni CRAs.

Sincerely,



Frank K. Rollason
Executive Director

FKR/ap

- c: Chairman Arthur E. Teele, Jr. and Members of the CRA Board of Directors
Joe Arriola, City Manager for the City of Miami
Alejandro Vilarello, General Council for the City of Miami CRAs
Jim Villacorta, Asst. General Council for the City of Miami CRAs
Carlton Branker, CPA, CPA Consultant for the City of Miami CRAs
Jurgen Teintze, Miami-Dade County Budget Analyst



140 W. FLAGLER STREET, SUITE 1000
MIAMI, FL 33130-1561

OFFICE OF COMMUNITY AND
ECONOMIC DEVELOPMENT
Director's Office
PHONE: 305-375-3431
FAX: 305-375-3428
crapp@co.miami.dade.fl.us
www.co.miami-dade.fl.us/ced/

July 27, 2001

Dipak M. Parekh, Executive Director
Community Redevelopment Agency
City of Miami
300 Biscayne Boulevard Way, Suite 430
Miami, Florida 33131

Subject: Letter dated 7/24/00 - County Approval of Annual CRA Budget

Dear Mr. Parekh:

Please be advised that this correspondence is in response to a letter dated July 24, 2000 from the Honorable Arthur E. Teele, Jr., Chairperson of the Board, City of Miami Community Redevelopment Agency. Through this letter (copy attached) Commissioner Teele requested that the County defer an agenda item set for discussion on 7/25/00 regarding the FY 1999 - 2000 CRA budget for Southeast Overtown/Park West pending a legal opinion from the Miami-Dade County Attorney and the City of Miami Attorney's Office. The purpose of the legal opinion was to define the role of the County in the approval process of non-tax increment funds in the CRA budget.

This letter transmits a copy of the legal opinion recently issued by Robert A. Ginsburg, County Attorney, regarding the "Annual Approval of Budget for Southeast Overtown/Park West Community Redevelopment Area." The legal opinion provides a clear determination regarding the County's request that CRA budgets shall reflect projected expenditures for the subject fiscal year of all tax increment and non-tax increment revenues projected to be received or already on deposit in the redevelopment trust fund.

Pursuant to the guidance of the legal opinion, it is requested that the CRA resubmit any budgets which are pending approval, and all future budgets in the format as requested by the County. Should you have any questions, please contact me at 305-375-3431.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tony E. Crapp, Sr.", written over a horizontal line.

Tony E. Crapp, Sr.
Director

TEC/tecsr

cc: Steve Shiver, County Manager
Robert A. Ginsburg, County Attorney
Bill Johnson, Assistant County Manager
Dr. David Morris, Director, OMB
Rachel Baum, Director, Finance Department
Silvia Unzueta, OCED
Rick Glasgow, OCED



MEMORANDUM

County Attorney Opinion No. 01-1

TO: Steve Shiver
County Manager

DATE: June 27, 2001

SUBJECT: Annual Approval of Budget for
Southeast Overtown / Park West
Community Redevelopment Area

FROM: Robert A. Ginsburg
County Attorney

Pursuant to Section 163.410, Florida Statutes, Miami-Dade County (the "County") entered into an Interlocal Cooperation Agreement with the City of Miami (the "City") dated March 31, 1983, as amended (the "Interlocal"), which provided for the delegation of certain specified redevelopment powers to the City with respect to the Southeast Overtown/Park West Community Redevelopment Area (the "Redevelopment Area"). In accordance with the terms and provisions of the Interlocal, the City annually submits to the County for approval by the Board of County Commissioners (the "Board") the budget for the Southeast Overtown/Park West project.

You ask whether the annual budget for the Southeast Overtown/Park West project submitted by the City for approval by the Board shall reflect projected expenditures for that fiscal year of all tax increment and non-tax increment revenues projected to be received or already on deposit in the redevelopment trust fund (the "Fund"). Your question is answered in the affirmative.

In accordance with Section 163.387, Florida Statutes, the City has established the Fund. The City may deposit tax increment monies and/or non-tax increment monies into the Fund. §§163.387, 163.400, Fla. Stat. All funds (whether tax increment or non-tax increment funds) allocated to and deposited in this Fund shall be used by the community redevelopment agency (the "Agency") to finance or refinance any community redevelopment it undertakes pursuant to an approved community redevelopment plan. §163.387, Fla. Stat. Section C.1. of the Interlocal provides the City must utilize funds deposited in the Fund "in accordance with the approved budget for the PROJECT¹." Therefore, once the City or the Agency elects to deposit non-tax increment monies in the Fund, Florida Statutes and the Interlocal dictate that those monies be spent for the projects and activities delineated in the Plan and in accordance with the Board approved annual budget.

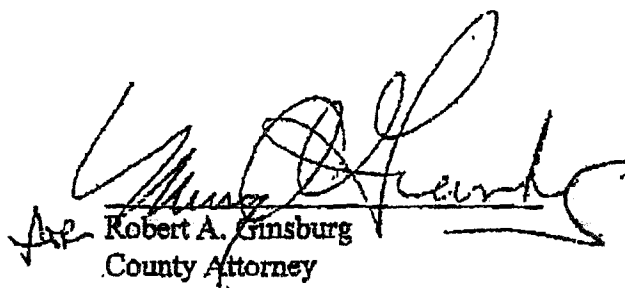
1 The term "PROJECT" refers to all activities and projects to be implemented in accordance with the County approved community redevelopment plan (the "Plan") for the Redevelopment Area.

79

JUL 18 2002 3:50 PM

Steve Shiver
Page No. 2

Pursuant to Section C.2. of the Interlocal, the City shall prepare and submit for County approval its annual budget for the PROJECT when tax increment monies are utilized or if tax increment monies are used as a refunding mechanism to retire instruments of indebtedness guaranteed from non ad valorem City of Miami resources². The test delineated in the provision has been met; therefore, it is incumbent upon the City to submit for Board approval annual budgets for the PROJECT. If the City elects to finance a portion of the PROJECT with non-tax increment revenues deposited in the Fund, then the expenditure of non-tax increment revenues, as well as tax increment revenues, is to be disclosed in the budget submitted to the County for approval.


Robert A. Ginsburg
County Attorney

cc: Hon. Alex Penelas Mayor
Hon. Chairperson and Members, Board of County Commissioners
Director, Office of Management and Budget
Director, Finance Department
Director, Community of Economic Development

² In 1990, the City issued \$11,500,000 City of Miami, Florida, Community Redevelopment Revenue bonds (Series 1990) (the "1990 Bonds") to provide funds to, among other things, refinance a \$5.9 million loan by the City from the Department of Housing and Urban Development of the United States. The 1990 Bonds are payable solely from the tax increment revenues received by the City from the Redevelopment Area, together with other revenues. In the Bond Resolution, the City assigned to itself and the Bondholders the security interest in the Fund granted to the City by the Agency pursuant to an Interlocal Agreement between the City and the Agency.



City of Miami
Community Redevelopment Agency

July 24, 2000

Honorable Chairperson and Members
Board of County Commission
Miami-Dade County, Florida
111 NW 1st Street
Miami, Florida 33128


Reference: FY'1999-2000 Budget for Southeast Overtown Park West

It is respectfully requested that the County Commission defer Agenda item number 4(R), set for discussion on July 25, 2000.

This deferment is requested, so that the Community Redevelopment Agency (CRA) can seek a legal opinion from the Miami-Dade County Attorney and the City of Miami Attorney's Office.

The purpose of this legal opinion is to define the role of the County in the approval process of non-tax increment funds, in the CRA Budget.

Sincerely,


Arthur E. Teele, Jr.
Chairperson of the Board

AET:gc

cc: Alex Penelas, Miami-Dade County Mayor
Joe Carollo, City of Miami Mayor
CRA Board Members
Robert A. Ginsburg, County Attorney
Alejandro Vilarello, City Attorney
M.R. Stierheim, County Manager
Carlos A. Gimenez, City Manager
Walter J. Foerman, City Clerk

911

Exerpt from City of Miami Office of the Auditor General Report (CRA
Audit) Pages relating to the Deficiency in Budget Documents.

**BUDGET DOCUMENTS WERE NOT SUBMITTED TO THE COUNTY AS REQUIRED
AND BUDGET CONTROL DEFICIENCIES.**

Pursuant to an inter-local cooperative Agreement between the City of Miami (City) and the Miami-Dade County, CRA is required to submit its budget annually to the Board of County Commission. Based on the records reviewed, it appears that CRA submitted the budgets for Omni area (Omni) for the fiscal years 2000 and 2001, and the budget for the Southeast Overtown/Park West area (SEOPW) for the fiscal year 2000. We noted that the County reviewed the budgets submitted and noted that CRA failed to submit budget data relative to non-TIF revenues and expenditures for those periods. There were no records to substantiate that budget data were submitted for the Omni CRA for the fiscal years 1999 and 2002, and for the SEOPW CRA for the fiscal years 1999, 2001, and 2002.

Furthermore, our comparison of the amounts budgeted for expenditures to actual expenditures incurred disclosed the following:

- Two functional expenditure line items (community development and capital outlay) in the SEOPW-CRA were overspent by \$375,000 and \$2,627,322, respectively during the fiscal year ended September 30, 2001. However, the total actual expenditures incurred were less than the total budgeted expenditures for all expenditure categories by \$11,371. Additionally, the capital outlay category expenditure line item in the OMNI CRA's Special Revenue Fund was overspent by \$375,094 during the fiscal year ended September 30, 2001 and the total actual expenditures exceeded the total budgeted expenditures by \$307,437. The Anti-deficiency Act as codified in Sections 18-500 through 18-503 of the City Code prohibits CRA from incurring expenditures in excess of budget.
- Three functional expenditure line items (general government, principal and interest) in the SEOPW-CRA were overspent by \$986,827, \$115,000, and \$242,675, respectively during the fiscal year ended September 30, 2002. However, the total actual

expenditures incurred were less than the total budgeted expenditures for all expenditure categories by \$1.2 million.

Recommendation

We recommend that CRA implement procedures that would require budget amendment to be prepared in a timely manner and adopted by the Board of Directors. All budget amendments should be recorded in the accounting system to preclude incurring expenditures in excess of approved budgetary authority and available resources for all functional categories.

Auditee's Response Action Plan

See written response on page 127.

City of Miami



ARTHUR E. TEELE, JR.
Chairman

FRANK K. ROLLASON
Executive Director

August 14, 2003

Ms. Marie B. Severe, CIA
Senior Staff Auditor
Office of the Auditor General for the City of Miami

RE: RESPONSE TO FINDINGS - BUDGET DOCUMENTS

Dear Ms. Severe:

In response to your findings in the above referenced document, please be advised that the following action has ALREADY been taken by the CRA:

1. The CPA firm of Harvey, Branker & Associates (HB&A) has been hired as of February 24, 2003, as authorized by the CRA Board of Directors (SEOPW Resolution No. 03-05 and Omni Resolution No. 03-04 - both adopted January 27, 2003) for the purpose of developing and implementing financial policies and procedures for the CRA Administration. At present, and for the past several months, a manual encumbrance system has been implemented whereby no expenditure requests go before the Board that have not already had the funding source identified and "locked out" so that the identified funds cannot be utilized for another request thus eliminating the multiple use of the same funds for additional projects. The work of HB&A is in progress and will include addressing the issues outlined in your findings.

2. In reference to your inquiry as to complying with Miami-Dade County budget reporting requirements, my letter of June 24, 2003, to Assistant County Manager Tony Crapp, Sr. (copy included in your August 8, 2003 Finding Letter) speaks for itself. Currently, HB&A (Mr. Carlton Branker) is working with Miami-Dade County (Mr. Jurgen Teintze, Budget Analyst) to resolve the outstanding budget issues.

Sincerely,

A handwritten signature in dark ink, appearing to read "FRANK K. ROLLASON".

Frank K. Rollason
Executive Director

FKR/ap

COMMUNITY REDEVELOPMENT AGENCY
300 Biscayne Boulevard Way, Suite 430 / Miami, Florida 33131 / (305) 379-3324 / Fax: (305) 372-4646
E-mail: crs@clmiami.fl.us / Website: www.miami-cra.org